







Annual Budget
Revised Fiscal Year 2010

CTB Approved
December 17, 2009

DRPT
Virginia Department of Rail and Public Transportation

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COMMONWEALTH of VIRGINIA

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December 16, 2009

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Ms. Mary Lee Carter
Mr. John J. "Butch" Davies, III
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Mr. Aubrey Layne Jr.
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Mr. Gerald P. McCarthy
Ms. Sharon E. Pandak
Mr. Peter B. Schwartz
Mr. Cord A. Sterling
Mr. Kenneth Spencer White

Dear Members of the Board:

As you are aware, the estimated FY 2010 transportation trust fund revenues have suffered significant declines during the past six months. This decline in revenue has prompted a mid-year revision to the FY 2010 Six Year Improvement Program as well as our annual budget. The Revised FY 2010 Annual Budget for the Virginia Department of Rail and Public Transportation is presented in this document for your approval.

The impact of the economic downturn on the rail and transit programs has been mitigated to a certain extent by federal stimulus funding and the addition of the recordation tax revenue to transit operations. The addition of $22.3 million of recordation taxes to the transit operating program helped achieve a 37% state share of eligible expenses in FY 2010 compared to 27% without these revenues. This level of Commonwealth participation in transit operations continues a steady declining trend over the past seven years. The 75% state share of transit capital projects in FY 2010 is at its highest point in the past decade. This level of state funding was achieved due to federal stimulus funding, Commonwealth Transportation Capital Project bonds, and a lower amount of capital grant applications. Overall, the proposed expenditures for FY 2010 total $444.6 million – a 12.8% decrease from FY 2009. This decrease is primarily due to the reduction in Transportation Trust fund revenues and the transition of the Dulles Metrorail project to the Metropolitan Washington Airports Authority.

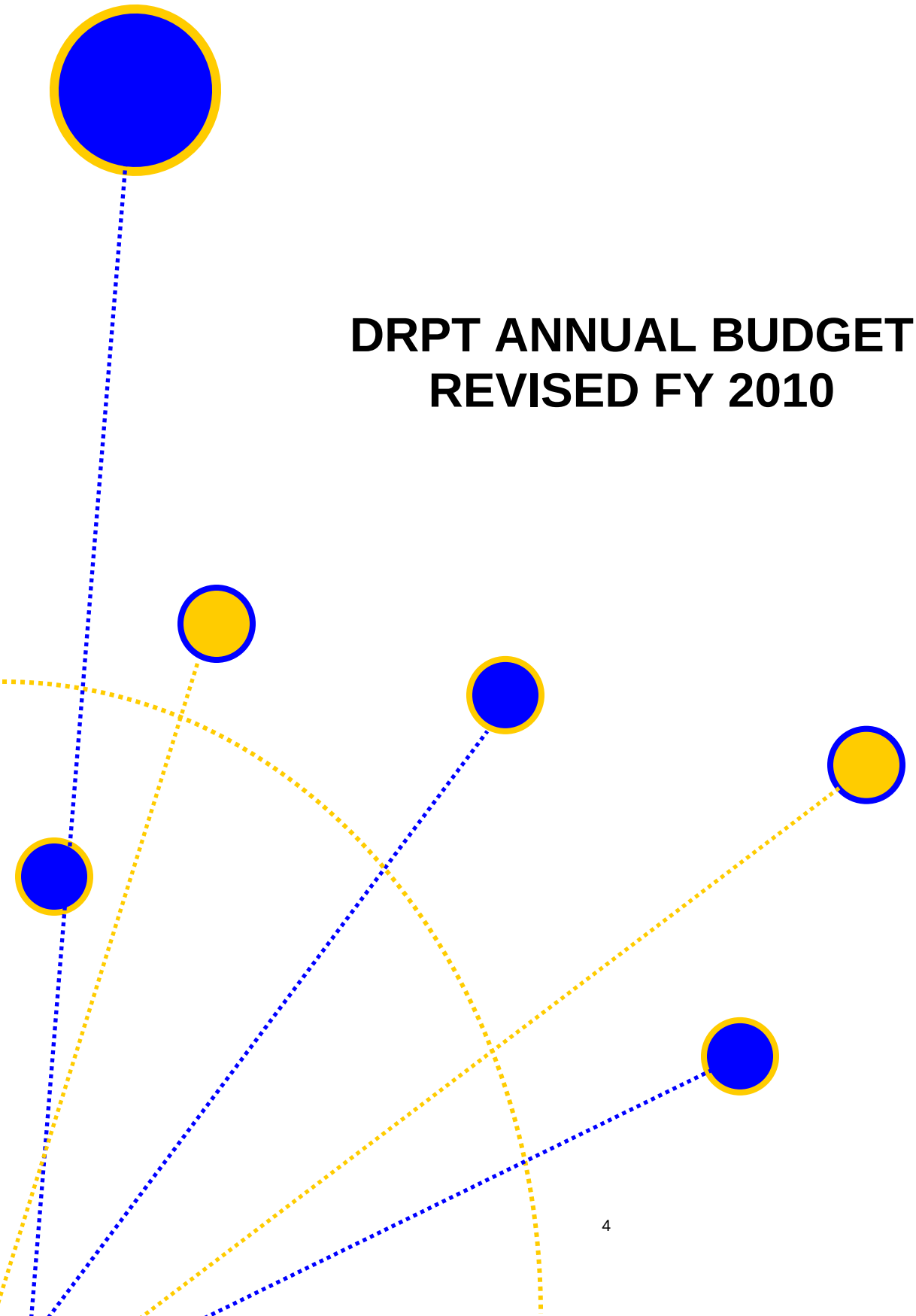
The FY 2010 budget supports several high priority initiatives, including a three year demonstration passenger rail service, construction of the Tide light rail system in Norfolk, rolling stock acquisition and infrastructure improvements for Virginia Railway Express, construction of Phase I of the Dulles Corridor Metrorail Project, a Rapid Transit evaluation in Richmond, and transit service expansions statewide.

We look forward to working with the Commonwealth Transportation Board to advance the programs and projects in our FY 2010 budget.

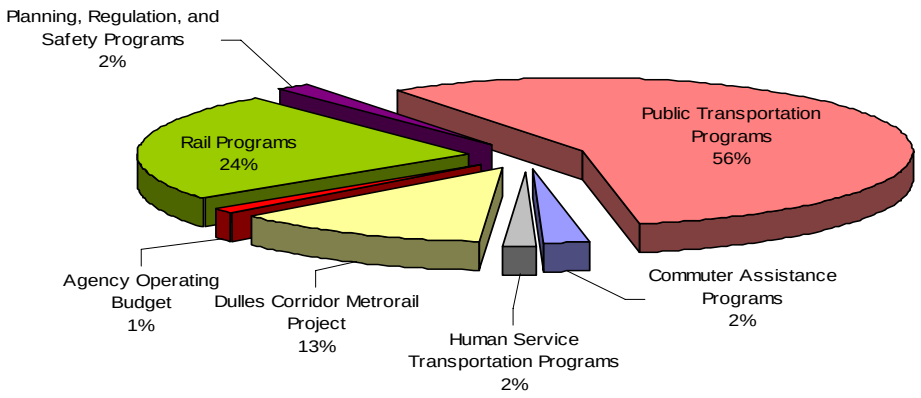
Sincerely,

Charles M. Badger

DRPT ANNUAL BUDGET
REVISED FY 2010

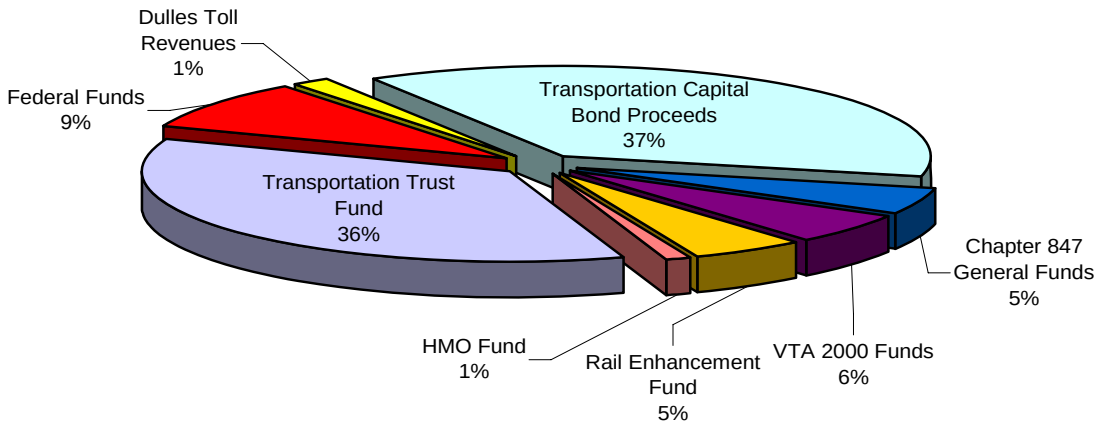


DRPT
Budgeted Expenditures - Revised FY 2010



	Adopted FY 2009	Approved FY 2010	Revised FY 2010
Public Transportation Programs			
Operating Assistance [Notes 1, 2]	$ 126.0	$ 122.5	$ 113.4
Capital Assistance [Notes 1, 3]	102.2	133.7	130.8
Special Programs [Note 4]	8.2	4.3	4.2
Total	**236.4**	**260.5**	**248.4**
Rail Assistance Programs			
Rail Preservation Programs [Notes 1, 5]	3.5	3.8	3.8
Rail Enhancement Programs [Notes 1, 6]	63.0	77.2	74.9
Demonstration Passenger Service [Note 7]	-	3.2	3.2
Richmond-Washington HSR [Note 8]	30.6	26.6	26.6
Total	**97.1**	**110.8**	**108.5**
Dulles Corridor Metrorail Project [Note 9]			
Metrorail	140.4	51.4	51.4
Express Bus Service	6.6	6.6	6.6
Total	**147.0**	**58.0**	**58.0**
Commuter Assistance Programs [Note 10]	**10.5**	**10.8**	**10.8**
Human Service Transportation Pgm [Note 11]	**5.9**	**7.4**	**7.0**
Planning, Regulation, & Safety Pgm [Note 12]	**7.2**	**7.2**	**6.9**
Agency Operating Budget [Note 13]	**4.7**	**4.8**	**4.3**
Support to Other Agencies	**0.9**	**0.7**	**0.7**
Agency Total [Note 14, 15]	**$ 509.7**	**$ 460.2**	**$ 444.6**

DRPT
Funding Sources - Revised FY 2010



	Adopted FY 2009	Approved FY 2010	Revised FY 2010
HIGHWAY MAINTENANCE AND OPERATING FUND [Notes 12, 13]	**$ 5.4**	**$ 5.6**	**$ 5.1**
TRANSPORTATION TRUST FUND			
1986 Special Session Revenue (14.7%) [Notes 2, 3, 4, 11]	135.1	127.7	116.3
Recordation Tax [Notes 1, 2]	23.6	23.6	22.3
Transport. Efficiency Improvement Prgm (TEIF) [Note 10]	3.8	4.0	4.0
Rail Preservation Program [Notes 1, 5]	3.4	3.3	3.3
Other Commonwealth Transportation Funds [Note 7]	-	3.2	3.2
Rail Enhancement [Notes 1, 6]	24.4	24.2	21.8
Special Programs - VDOT Transfers [Notes 3, 10]	16.6	10.1	10.1
Total	**206.9**	**196.1**	**181.0**
GENERAL FUND - Transit Capital and Rail [Notes 3,6]	**65.0**	**10.5**	**20.8**
BOND PROCEEDS - Transit Capital and Rail [Note 1,3,5,6,9]	**154.3**	**175.9**	**165.6**
FEDERAL REVENUE			
American Recovery and Reinvestment Act (ARRA) [Notes 3, 14	-	12.0	12.0
Flexible STP - Equity Bonus [Note 14]	4.9	-	-
FHWA Funding (CMAQ/RSTP) [Notes 3, 10]	-	5.2	5.2
Federal Transit Administration [Notes 2, 3, 11, 12]	19.8	20.9	20.9
Federal Railroad Administration [Note 8, 14]	9.2	2.0	2.0
Total	**33.9**	**40.1**	**40.1**
LOCAL REVENUES [Note 11]	**0.7**	**0.8**	**0.8**
TRANSFERS FROM OTHER AGENCIES			
DMV Transfers	0.1	-	-
VDOT - Dulles Toll Road Transfers [Note 9]	22.0	6.6	6.6
VDOT - VTA 2000 Transfers [Note 8]	21.4	24.6	24.6
Total	**43.5**	**31.2**	**31.2**
TOTAL SOURCES [Note 14, 15]	**$ 509.7**	**$ 460.2**	**$ 444.6**

DRPT Footnotes to the FY 2010 Revised Annual Budget

(1) As a result of the 2007 Transportation Initiative, DRPT received two new funding sources for public transit and rail. The Initiative authorized $3 billion of Commonwealth of Virginia Transportation Capital Projects Revenue Bonds to be issued with rail receiving a minimum of 4.3% and transit receiving a minimum of 20%. Originally, the underlying revenue stream provided bonding capacity to allow a $300 million a year issuance for 10 years. However, due to the downturn in insurance premiums revenues that support these bonds, the total bonding capacity is now estimated to be $2.1 billion. In FY 2010 allocations to capital projects funded with these bonds total $32.7 million for transit capital and $12.9 million for rail. Chapter 896 of the 2007 Acts of Assembly also dedicated $.02 of the state recordation taxes imposed pursuant to 58.1-801 and 58.1-803 to the Commonwealth Mass Transit Fund. This is estimated to provide $22.3 million of funding for transit operations in FY 2010.

The budgeted amounts in this report only include anticipated expenditures for FY 2010 and sources to cover these anticipated expenditures. Therefore, budgeted amounts will not agree to allocations in the Six Year Improvement Program (SYIP). For example, DRPT will allocate Transportation Capital Projects bond proceeds of $32.7 million (as authorized in Code of Va. Section 33.1-23.4:01) for transit capital in FY 2010, but only $9 million is expected to be expended on those projects during FY 2010. The differences between the FY 2010 SYIP allocations and budgeted expenditures are as follows:

Reconciliation of SYIP Allocations to Budgeted Expenditures

Total Six Year Improvement Plan Allocations	**$**	**290.7**
Various Federal Funds Allocations with Grantee FTA Contracting		(58.4)
Demonstration Passenger Rail Allocations Greater than Budget		(2.2)
Agency Operating Budget		4.8
2.3% for Project Development, Administration, and Compliance		3.7
Local Funds		1.0
Prior Year Allocations in Current Year Budget		
American Reinvestment and Recovery Act (ARRA)		12.0
Dulles Corridor Metrorail Project		58.0
2007 General Funds		20.8
Transit Bond Allocations		27.3
Rail Bond Allocations		41.3
VTA 2000 funds		26.6
Special CTB Allocation - April 2007		3.7
VDOT Allocations included in DRPT Budget		15.3
Total Budgeted Expenditures	**$**	**444.6**

(2) The budgeted expenditure line item entitled Public Transportation Programs - Operating Assistance decreased by $12.6 million. This was primarily due to a $9.6 million reduction in anticipated MTTF and recordation tax revenues. The remaining difference was due to DRPT using deobligated grant balances in the prior year which are not available in the current year. The activities budgeted in this line item consists of Mass Transit Trust Fund (MTTF) operating allocations of $102 million, $9.8 million in federal assistance through the Federal Transit Administration (FTA) 5311 Rural Assistance program, and $1.6 million in federal assistance through the FTA Jobs Access and Reverse Commute (JARC) program.

DRPT Footnotes to the FY 2010 Revised Annual Budget (Continued)

(3) The budgeted Public Transportation Programs - Capital Assistance line item increased by $28.6 million. This was primarily due to the anticipated $35 million increase in expenditures of bond funded projects in FY 2010 as compared to FY 2009 and the projected expenditure of American Investment and Recovery Act (ARRA) funding of $12 million, offset by the $9.2 million decrease in general funds authorized by Chapter 847, 2007 Virginia Acts of Assembly, a $6.3 million decrease in federal funds due to grantees contracting directly with the Federal Transit Administration (FTA), and a $2.9 million reduction in anticipated MTTF capital revenues. The activities budgeted in this line item are $26.7 million of MTTF allocation, $60 million of Transportation Capital Projects bond proceeds, $20.8 million of general funds, $12 million of ARRA funding, $3.3 million of federal allocations, and $8 million in state matching funds.

(4) The budgeted expenditure line item entitled Public Transportation Programs – Special Programs decreased by $4.0 million for FY 2010. The activities budgeted in this line item consist of MTTF allocations of $0.5 million and $3.7 million of planned expenditures resulting from the special allocation of $11.3 million of MTTF by the Commonwealth Transportation Board (CTB) at its April 2007 meeting. These special allocation funds are residual balances from previous MTTF project allocations that were no longer needed by the grantee for the original purpose of the grant. The $0.5 million MTTF allocation represents a $1 million decrease from the prior year due to shifting one percent of the one and a half percent Special Program allocation to Operating Assistance and a $.1 million decrease due to a reduction in anticipated MTTF Special revenues. The $3.7 million of planned expenditures represents a $2.9 million decrease from the prior year.

(5) The 2006 General Assembly passed legislation (Code of Va. Section 33.1-221.1:1.2) to establish the Shortline Railway Preservation and Development fund. The Fund was created to support the retention, maintenance, and improvement of shortline railways in Virginia and to assist with the development of railway transportation facilities. The source of funding for the Shortline Railway Preservation fund is the Transportation Trust Fund with a FY 2010 allocation of $3 million. The additional $0.8 million of planned expenditures is funded by projected FY 2010 interest revenue and Transportation Capital Projects Bond proceeds allocated by the CTB.

(6) The budgeted Rail Enhancement Program line item increased by $11.9 million in FY 2010. This was primarily due to a $49.2 million increase in projected expenditure of bond proceeds in FY 2010 as compared to FY 2009 offset by a $35 million decrease in scheduled payments of general funds authorized by Chapter 847, 2007 Virginia Acts of Assembly and a $2.3 million decrease due to a reduction in anticipated Rail Enhancement Fund revenues. This substitution of bond proceeds for general funds was necessary due to recent budget reductions. The source of funding for the Rail Enhancement Fund is the state portion of vehicle rental taxes collected in the Transportation Trust Fund, estimated at $20 million for FY 2010. Additionally, this line item includes $1.3 million of projected FY 2010 interest revenue and bond proceeds of $53.6 million.

(7) The budgeted Demonstration Passenger Service line item is new for FY 2010. This service began in October of 2009 with anticipated operating subsidy costs of $3.2 million for FY 2010. The capital costs associated with this three year demonstration service from Lynchburg to Washington and from Richmond to Washington total approximately $24.1 million for FY 2010 and are funded through the Rail Enhancement fund and VTA 2000 project funds.

DRPT Footnotes to the FY 2010 Revised Annual Budget (Continued)

(8) The budgeted Richmond-Washington HSR line item decreased by $4 million. This is primarily due to the anticipated expenditure of all VTA 2000 funds by the third quarter of FY 2010. The source of funding for this line item is $24.6 million of VTA 2000 funds. Additionally, DRPT has applied for Federal Railroad Administration funds of $2.0 million which will be utilized on these same projects when the federal award is received.

(9) The Metropolitan Washington Airports Authority (MWAA) took over the operation of the Dulles Toll Road and in turn the management of the Dulles Corridor Metrorail Project on November 1, 2008. The budgeted Metrorail line item decreased by $89 million because MWAA is now directly administering the federal and local funding for the project.

(10) Commuter Assistance Programs includes the Transportation Efficiency Improvement Fund of $4.0 million from the Transportation Trust Fund. Additionally, $6.8 million in projects administered by DRPT with funding allocated through VDOT's Six-Year Improvement Program (CMAQ, RSTP, Safetea-Lu, Innovative Progress, Telework) is included in this Service Area.

(11) Human Service Transportation Programs includes the $2.5 million allocation of MTTF for the paratransit capital projects and enhanced transportation services for the elderly and disabled, $3 million of FTA 5310 funding for vehicle purchases for providers of service to the elderly and disabled, $0.8 million of local match to the FTA 5310 funds, and $1.1 million of FTA New Freedom awards.

(12) Planning, Regulation, and Safety Programs includes the $3.7 million allocation of 2.3 percent of the Mass Transit Trust Fund, Rail Enhancement Fund, and the Rail Preservation Fund to support costs of project development, project administration, and project compliance. Item 448 of Chapter 781 of the 2009 Virginia Acts of Assembly allows the CTB to approve up to a maximum of 3 percent per year of these funds for the purposes described herein. The major components of these budgeted expenditures for FY 2010 are as follows:

Consultant Embedded Staff/DRPT Staff	$	1,400,258
Compliance Review Program		487,029
State Safety Oversight Program		400,000
Transit Development Plans		250,000
Facility Oversight Program		125,000
Transit Program Support		250,000
Rail Program Support		455,709
Transit and Land Use Guidelines		200,000
Other Program and Project Management Initiatives		98,043
Total	$	3,666,039

Planning, Regulation, and Safety Programs also consist of the FTA 5303/5304 planning funds of $2.6 million and the related state match of $0.3 million, and Virginia's annual payment of $0.3 million of HMO funds to the Washington Metropolitan Area Transit Commission (WMATC).

DRPT Footnotes to the FY 2010 Revised Annual Budget (Continued)

(13) The agency operating budget of $4.3 million is funded by Highway Maintenance and Operating (HMO) funds. The program development, project administration, and project compliance budget is $3.7 million as detailed in footnote 12. When these two items are combined and the Dulles Corridor Metrorail Project budget is removed, the resulting DRPT operating budget represents 2.1% of the total funds administered by the agency.

(14) In order to provide comparative data to the FY 2010 budget, certain reclassifications were made to FY 2009 line items.

(15) The DRPT FY 2010 Budget has been revised from the original budget adopted in June of 2009 by the CTB to reflect decreases in revenue estimates and administrative budget reductions. Revenues of the Mass Transit Trust Fund support Public Transportation Programs and were revised downward by $12.1 million. Revenues of the Rail Enhancement Fund were revised downward by $2.3 million as indicated below. The budgeted Human Service Transportation Program line item decreased by $.4 million due to using unobligated balances to offset decreases in transit operating funding. The budgeted Planning, Regulation, and Safety Program line item decreased by $.3 million due to revised revenue projections in the Mass Transit Trust Fund and Rail Enhancement Fund as well as administrative budget reductions. The Agency Operating Budget line item decreased by $.5 million due to a 10% budget reduction plan.

	Approved FY 2010	Revised FY 2010	Decrease
Public Transportation Programs			
Operating Assistance	$ 122.5	$ 113.4	$ (9.1)
Capital Assistance	133.7	130.8	(2.9)
Special Programs	4.3	4.2	(0.1)
Total	**260.5**	**248.4**	**(12.1)**
Rail Enhancement Programs	**110.8**	**108.5**	**(2.3)**
Human Service Transportation Pgm	**7.4**	**7.0**	**(0.4)**
Planning, Regulation, & Safety Pgm	**7.2**	**6.9**	**(0.3)**
Agency Operating Budget	**4.8**	**4.3**	**(0.5)**